



San Joaquin Valley

AIR POLLUTION CONTROL DISTRICT



SEP 08 2011

Gerardo C. Rios, Chief
Permits Office
Air Division
U.S. EPA - Region IX
75 Hawthorne St
San Francisco, CA 94105

**Re: Final – Authority to Construct/Certificate of Conformity (Minor Mod)
Project # S-1110959**

Dear Mr. Rios:

The Air Pollution Control Officer has issued an Authority to Construct (ATC# S-1547-804-17) with a Certificate of Conformity to Aera Energy, LLC. Aera proposes to relocate steam generator S-1547-804 from the Soudan lease to the Maxwell lease (NE/4 Section: 27, Township: 31S, Range: 22E). This facility is located at their Kern County Heavy Oil stationary source.

Enclosed are copies of the Authority to Construct. The application and proposal were sent to US EPA Region IX on June 26, 2011. All comments received have been addressed by the District. A summary of the comments and the District's response to each comment is attached.

Thank you for your cooperation in this matter. If you have any questions, please contact Mr. Leonard Scandura, Permit Services Manager, at (661) 392-5500.

Sincerely,

David Warner
Director of Permit Services

Enclosures
sdd

Seyed Sadredin
Executive Director/Air Pollution Control Officer

Northern Region
4800 Enterprise Way
Modesto, CA 95356-8718
Tel: (209) 557-6400 FAX: (209) 557-6475

Central Region (Main Office)
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San Joaquin Valley

AIR POLLUTION CONTROL DISTRICT



HEALTHY AIR LIVING™

SEP 08 2011

Mr. Robert Beebout
Aera Energy, LLC
P.O. Box 11164
Bakersfield, CA 93389-1164

**Re: Final – Authority to Construct/Certificate of Conformity (Minor Mod)
Project # S-1110959**

Dear Mr. Beebout:

The Air Pollution Control Officer has issued an Authority to Construct (ATC# S-1547-804-17) with a Certificate of Conformity to Aera Energy, LLC. Aera proposes to relocate steam generator S-1547-804 from the Soudan lease to the Maxwell lease (NE/4 Section: 27, Township: 31S, Range: 22E). This facility is located at their Kern County Heavy Oil stationary source.

Enclosed is the Authority to Construct and invoice. The application and proposal were sent to US EPA Region IX on June 26, 2011. All comments received have been addressed by the District. A summary of the comments and the District's response to each comment is attached.

Prior to operating with modifications authorized by the Authority to Construct, you must submit an application to modify the Title V permit as an administrative amendment in accordance with District Rule 2520, Section 11.5.

Thank you for your cooperation in this matter. If you have any questions, please contact Mr. Leonard Scandura, Permit Services Manager, at (661) 392-5500.

Sincerely,

David Warner
Director of Permit Services

Enclosures
sdd

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Area's Comment
and the
District Response

Project S-1110959

ATC S-1547-804-7

Area's comment

Condition #5:

"The exhaust stack shall vent vertically upward. The vertical exhaust flow shall not be impeded by a rain cap (flapper ok), roof overhang, or any other obstruction".

This condition does not appear on any PTO's/ATC's in Area's Midway Sunset steam generators. All of Area's steam generators, that were retrofitted for Rule 4306 compliance, had a restrictor plate (~12 in. wide) installed across the top stack that created enough back pressure to improve flame stabilization and reduced NOx emissions.

Aera believes this condition is not justified because it does not account for the steam generator's design criteria needed to achieve the NOx emissions required by District's rules. Therefore, Aera Request that the condition be removed from the ATC.

District Response

At the time the application was submitted, the District was not informed of the restrictor plate on the steam generator stack. The District was also not aware that the restrictor plate was permanently installed as part of a Rule 4306 retrofit project. Therefore, the District performed a health risk assessment assuming that the exhaust was not vertically restricted.

After Aera's comment, the District has performed a second health risk based on the additional information provide about the restrictor plate and stack. The District's health risk evaluation has determined that the risk associated with the steam generator's transfer of location is still less than significant.

Therefore, the following condition will replace condition #5;

"The exhaust stack shall vent vertically upward. The vertical exhaust flow shall not be impeded by a rain cap (flapper cap or restrictor plate without a stanchion ok), roof overhang, or any other obstruction. [District Rule 4102] "



AUTHORITY TO CONSTRUCT

PERMIT NO: S-1547-804-17

ISSUANCE DATE: 09/08/2011

LEGAL OWNER OR OPERATOR: AERA ENERGY LLC
MAILING ADDRESS: PO BOX 11164
BAKERSFIELD, CA 93389-1164

LOCATION: HEAVY OIL WESTERN STATIONARY SOURCE
KERN COUNTY, CA

SECTION: NE 27 **TOWNSHIP:** 31S **RANGE:** 22E

EQUIPMENT DESCRIPTION:

MODIFICATION OF 62.5 MMBTU/HR NATURAL GAS-FIRED STEAM GENERATOR WITH A COEN QLN-ULN LOW NOX BURNER AND FLUE GAS RECIRCULATION (SOUDAN #4) (NORTH MIDWAY); TRANSFER OF LOCATION TO THE MAXWELL LEASE

CONDITIONS

1. This Authority to Construct serves as a written certificate of conformity with the procedural requirements of 40 CFR 70.7 and 70.8 and with the compliance requirements of 40 CFR 70.6(c). [District NSR Rule] Federally Enforceable Through Title V Permit
2. Prior to operating with modifications authorized by this Authority to Construct, the facility shall submit an application to modify the Title V permit with an administrative amendment in accordance with District Rule 2520 Section 5.3.4. [District Rule 2520, 5.3.4] Federally Enforceable Through Title V Permit
3. Particulate matter emissions shall not exceed 0.1 grain/dscf, calculated to 12% CO₂, nor 10 lb/hr. [District Rules 4201, 3.1 and 4301, 5.1 and 5.2.3] Federally Enforceable Through Title V Permit
4. Steam generator shall be equipped with operational fuel gas volumetric flow meter. [District Rule 2201] Federally Enforceable Through Title V Permit
5. The exhaust stack shall vent vertically upward. The vertical exhaust flow shall not be impeded by a rain cap (flapper cap or restrictor plate without a stanchion ok), roof overhang, or any other obstruction. [District Rule 4102] Federally Enforceable Through Title V Permit
6. This unit shall only be fired on natural gas. [District Rule 2201] Federally Enforceable Through Title V Permit

CONDITIONS CONTINUE ON NEXT PAGE

YOU MUST NOTIFY THE DISTRICT COMPLIANCE DIVISION AT (661) 392-5500 WHEN CONSTRUCTION IS COMPLETED AND PRIOR TO OPERATING THE EQUIPMENT OR MODIFICATIONS AUTHORIZED BY THIS AUTHORITY TO CONSTRUCT. This is NOT a PERMIT TO OPERATE. Approval or denial of a PERMIT TO OPERATE will be made after an inspection to verify that the equipment has been constructed in accordance with the approved plans, specifications and conditions of this Authority to Construct, and to determine if the equipment can be operated in compliance with all Rules and Regulations of the San Joaquin Valley Unified Air Pollution Control District. Unless construction has commenced pursuant to Rule 2050, this Authority to Construct shall expire and application shall be cancelled two years from the date of issuance. The applicant is responsible for complying with all laws, ordinances and regulations of all other governmental agencies which may pertain to the above equipment.

Seyed Sadredin, Executive Director / APCO


DAVID WARNER, Director of Permit Services
S-1547-804-17 : Sep 8 2011 11:41AM - DAVIDSOS : Joint Inspection NOT Required

7. Maximum heat input to steam generator shall not exceed 1,440 MMBtu/day. [District Rule 2201] Federally Enforceable Through Title V Permit
8. Emission rates, except during startup, shutdown, and refractory curing shall not exceed any of the following: PM10: 0.005 lb/MMBtu, SOx (as SO2): 0.002 lb/MMBtu, VOC: 0.003 lb/MMBtu, NOx (as NO2): 0.018 lb/MMBtu or 15 ppmv @ 3% O2, or CO: 0.030 lb/MMBtu or 40 ppmv @ 3% O2. [District Rules 2201, 2520, 4201, 4301, 4305, 4306, 4405, 4406, 4801 and Kern County Rules 424 and 425] Federally Enforceable Through Title V Permit
9. Emission rates, including startup, shutdown, and refractory curing, shall not exceed any of the following: VOC: 4.3 lb/day, NOx (as NO2): 49.0 lb/day or 9,461 lb/year, CO: 43.2 lb/day, PM10: 7.2 lb/day, or SOx: 2.9 lb/day. [District Rule 2201] Federally Enforceable Through Title V Permit
10. Emission rates during startup, shutdown and refractory curing shall not exceed: particulate matter - 10 pounds per hour, or 0.1 grains/dscf calculated to 12% CO2; sulfur - 200 pounds of SO2 per hour, or 2000 ppmv as SO2, or 0.11 pounds sulfur (as S) per MMBtu on average-wide basis for all units in Rule 4406 plan; NO2 - 140 pounds per hour or 0.14 pounds per MMBtu. [District Rules 4101, 4102, 4301, 4405, 4406, 4801 and Kern County Rules 424 and 425] Federally Enforceable Through Title V Permit
11. Duration of refractory curing shall not exceed 30 hours each per occurrence. Permittee shall notify the District in writing prior to refractory curing. [District Rule 2080] Federally Enforceable Through Title V Permit
12. Duration of start-up and shutdown shall not exceed 2 hours each per occurrence. [District Rules 4305 and 4306] Federally Enforceable Through Title V Permit
13. All emissions measurements shall be made with the unit operating either at conditions representative of normal operations or conditions specified in the Permit to Operate. No determination of compliance shall be established within two hours after a continuous period in which fuel flow to the unit is shut off for 30 minutes or longer, or within 30 minutes after a re-ignition as defined in Section 3.0 of District Rule 4306. [District Rules 4305 and 4306] Federally Enforceable Through Title V Permit
14. All required source testing shall conform to the compliance testing procedures described in District Rule 1081 (Last Amended December 16, 1993). [District Rule 1081] Federally Enforceable Through Title V Permit
15. The District must be notified at least 30 days prior to any compliance source test, and a source test plan must be submitted for approval at least 15 days prior to testing. The results of each source test shall be submitted to the District within 60 days thereafter. [District Rule 1081] Federally Enforceable Through Title V Permit
16. The source test plan shall identify which basis (ppmv or lb/MMBtu) will be used to demonstrate compliance. [District Rules 4305 and 4306] Federally Enforceable Through Title V Permit
17. The permittee shall monitor and record the stack concentration of NOx, CO, and O2 at least once every month (in which a source test is not performed) using a portable emission monitor that meets District specifications. Monitoring shall not be required if the unit is not in operation, i.e. the unit need not be started solely to perform monitoring. Monitoring shall be performed within 5 days of restarting the unit unless monitoring has been performed within the last month. [District Rules 4305 and 4306] Federally Enforceable Through Title V Permit
18. If either the NOx or CO concentrations corrected to 3% O2, as measured by the portable analyzer, exceed the allowable emissions concentration, the permittee shall return the emissions to within the acceptable range as soon as possible, but no longer than 1 hour of operation after detection. If the portable analyzer readings continue to exceed the allowable emissions concentration after 1 hour of operation after detection, the permittee shall notify the District within the following 1 hour and conduct a certified source test within 60 days of the first exceedance. In lieu of conducting a source test, the permittee may stipulate a violation has occurred, subject to enforcement action. The permittee must then correct the violation, show compliance has been re-established, and resume monitoring procedures. If the deviations are the result of a qualifying breakdown condition pursuant to Rule 1100, the permittee may fully comply with Rule 1100 in lieu of the performing the notification and testing required by this condition. [District Rules 4305 and 4306] Federally Enforceable Through Title V Permit

CONDITIONS CONTINUE ON NEXT PAGE

19. All alternate monitoring parameter emission readings shall be taken with the unit operating either at conditions representative of normal operations or conditions specified in the Permit to Operate. The analyzer shall be calibrated, maintained, and operated in accordance with the manufacturer's specifications and recommendations or a protocol approved by the APCO. Emission readings taken shall be averaged over a 15 consecutive-minute period by either taking a cumulative 15 consecutive-minute sample reading or by taking at least five (5) readings, evenly spaced out over the 15 consecutive-minute period. [District Rules 4305 and 4306] Federally Enforceable Through Title V Permit
20. Sulfur emissions shall not exceed 0.11 lb of sulfur per million BTU of heat input, averaged over 3 - one hour periods. Compliance with this requirement may be demonstrated by firing the unit only on PUC or FERC regulated natural gas; multiplying the reported sulfur content of each fuel in lb/MMBtu by the maximum heat input rating of the unit; or by a combination of source testing for sulfur compounds and fuel analysis. Compliance may be demonstrated for this unit individually, or by showing that the total emissions of sulfur compounds from all steam generators located at the stationary source with ATC or PTO issued prior to September 12, 1979 does not exceed the emissions that would result if each unit was operating in compliance with the specified limit. [Kern County Rule 424 and District Rule 2520, 9.3.2] Federally Enforceable Through Title V Permit
21. Source testing to measure natural gas-combustion NOx and CO emissions from this unit shall be conducted at least once every twelve (12) months (no more than 30 days before or after the required annual source test date). After demonstrating compliance on two (2) consecutive annual source tests, the unit shall be tested not less than once every thirty-six (36) months (no more than 30 days before or after the required 36-month source test date). If the result of the 36-month source test demonstrates that the unit does not meet the applicable emission limits, the source testing frequency shall revert to at least once every twelve (12) months. [District Rules 4305 and 4306] Federally Enforceable Through Title V Permit
22. When complying with sulfur emission limits by fuel analysis or by a combination of source testing and fuel analysis, each fuel source shall be tested weekly for sulfur content and higher heating value. If compliance with the fuel sulfur content limit has been demonstrated for 8 consecutive weeks for a fuel source, then the testing frequency shall be semi-annually. If a semi-annual fuel content source test fails to show compliance, weekly testing shall resume. [District Rule 2520, 9.3.2] Federally Enforceable Through Title V Permit
23. When complying with SOx emission limits by testing of stack emissions, testing shall be performed not less than once every 12 months using EPA Method 6; or EPA Method 6B; or EPA Method 8; or ARB Methods 8 or 100; or, for units using gaseous fuel scrubbed for sulfur pre-combustion, a grab sample analysis by double GC for H2S and mercaptans performed in the laboratory and EPA Method 19 to calculate emissions. Gaseous fuel fired units demonstrating compliance on two consecutive annual source tests shall be tested not less than once every thirty-six months; however, annual source testing shall resume if any test fails to show compliance. [District Rule 2520, 9.3.2] Federally Enforceable Through Title V Permit
24. If the unit is fired on noncertified gaseous fuel and compliance with SOx emission limits is achieved through fuel sulfur content limitations, then the sulfur content of the gaseous fuel being fired in the unit shall be determined using ASTM D 1072, D 4468, D 4084, D3246 or grab sample analysis by double GC for H2S and mercaptans performed in the laboratory. [District Rules 2520, 9.3.2; 4305, 6.2.1, and 4351, 6.2.1] Federally Enforceable Through Title V Permit
25. If fuel analysis is used to demonstrate compliance with conditions of this permit, the fuel higher heating value for each fuel shall be certified by a third party fuel supplier or determined by ASTM D 1826 or D 1945 in conjunction with ASTM D 3588 for gaseous fuels. [District Rules 2520, 9.3.2; 4305, 6.2.1; and 4351, 6.2.1] Federally Enforceable Through Title V Permit
26. Permittee shall maintain records of duration of each start-up and shutdown and refractory curing period. [District Rules 1070, 2201, 4305 and 4306] Federally Enforceable Through Title V Permit
27. The permittee shall maintain records of: (1) the date and time of NOx, CO, and O2 measurements, (2) the O2 concentration in percent and the measured NOx and CO concentrations corrected to 3% O2, (3) make and model of exhaust gas analyzer, (4) exhaust gas analyzer calibration records, and (5) a description of any corrective action taken to maintain the emissions within the acceptable range. [District Rules 4305 and 4306] Federally Enforceable Through Title V Permit

CONDITIONS CONTINUE ON NEXT PAGE

28. The following test methods shall be used: NO_x (ppmv) - EPA Method 7E or ARB Method 100, NO_x (lb/MMBtu) - EPA Method 19, CO (ppmv) - EPA Method 10 or 10B or ARB Method 100, stack gas oxygen - EPA Method 3 or 3A or ARB Method 100, SO_x (lb/MMBtu) - ARB Method 8 or 100 or EPA Method 6, 6B or 8 or fuel gas sulfur content analysis and EPA Method 19, fuel gas sulfur content - ASTM D1072, D4468, D3246, D4084 or double GC for H₂S and mercaptans performed in laboratory, fuel gas hhv - ASTM D1826 or D1945 in conjunction with ASTM D3588. [District Rules 1081, 4305 and 4306] Federally Enforceable Through Title V Permit
29. For emissions source testing, the arithmetic average of three 30-consecutive-minute test runs shall apply. If two of three runs are above an applicable limit the test cannot be used to demonstrate compliance with an applicable limit. [District Rules 4305 and 4306] Federally Enforceable Through Title V Permit
30. Permittee shall maintain daily records of quantity and higher heating value of natural gas burned in this steam generator. [District Rule 2201] Federally Enforceable Through Title V Permit
31. Copies of all fuel invoices showing quantity and delivery points of gas delivered and copies of quality terms of gas delivery contracts shall be maintained. The operator shall record daily amount and type(s) of fuel(s) combusted and all dates on which unit is fired on any noncertified fuel and record specific type of noncertified fuel used. [District Rule 2520, 9.3.2] Federally Enforceable Through Title V Permit
32. All records shall be maintained for a minimum of five (5) years, and shall be made available for District inspection upon request. [District Rules 1070, 2520, 9.4.2, 4305 and 4306] Federally Enforceable Through Title V Permit
33. Compliance with permit conditions in the Title V permit shall be deemed compliance with the requirements of County Rules 108 (Kings), 108.1 (Fresno, Merced, San Joaquin, Tulare, Kern, and Stanislaus), 110 (Madera) 402 (Madera), 404 (Fresno, Kern, Tulare, Kings, Stanislaus, Merced, and San Joaquin), 405 (Madera), 408 (Fresno, Kern, Tulare, Kings, Stanislaus, Merced, and San Joaquin), 407.2 (Kern, Tulare, Kings, Stanislaus, and San Joaquin), and 408.2 (Merced). A permit shield is granted from these requirements. [District Rule 2520, 13.2] Federally Enforceable Through Title V Permit
34. Compliance with permit conditions in the Title V permit shall be deemed compliance with the requirements of SJVUAPCD Rules 4201 (Amended December 17, 1992), 4301 (Amended December 17, 1992), 4406 (Amended December 17, 1992), and Rule 4801 (Amended December 17, 1992). A permit shield is granted from these requirements. [District Rule 2520, 13.2] Federally Enforceable Through Title V Permit
35. Compliance with permit conditions in the Title V permit shall be deemed compliance with the requirements of 40 CFR 60, Subpart Dc (except 60.44c(g) and (h) and 60.48c). A permit shield is granted from these requirements. [District Rule 2520, 13.2] Federally Enforceable Through Title V Permit
36. This unit has not been used to produce electricity for sale in 1985 or on or after November 15, 1990. Therefore, the requirements of 40 CFR 72.6(b) do not apply to this source. A permit shield is granted from this requirement. [District Rule 2520, 13.2] Federally Enforceable Through Title V Permit
37. Note: Formerly S-1511-185